



State of Utah

Department of  
Natural Resources

ROBERT L. MORGAN  
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Division of  
Oil, Gas & Mining

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*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

November 3, 2004

Ronald Bosshardt  
Redmond Minerals, Incorporated  
6005 North 100 West  
P.O. Box 219  
Redmond, Utah 84652

Subject: Approval of Updated Reclamation Surety, Redmond Minerals, Inc., South RCS Salt Mine, M/039/002, Sanpete County, Utah

Dear Mr. Bosshardt:

Thank you for providing the amended Letter of Credit, posted as surety for your South RCS Salt Mine, which was received November 2, 2004. After performing the standard five-year review of the reclamation surety for your mine, it was determined that escalation was all that was required to bring the site to current dollars, and escalated five years forward to year 2009.

We will make note on the Reclamation Contract of the change in the surety amount, and the escalation year. No other changes will be required at this time.

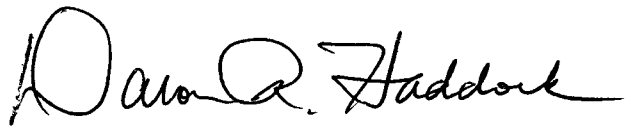
On November 1, 2004, we received a cancellation notice from Zions Bank, that they will not renew the LOC and it will expire on March 1, 2005. We sent you a copy of this cancellation notice and informed you that the surety needs to be replaced within 60 days. Upon receipt of this latest amendment, we contacted Zions Bank to see if the cancellation of the LOC would be rescinded. We were informed that the LOC will still expire on March 1<sup>st</sup>.

Please replace the surety in the amount of \$258,100. The reclamation surety will not need to be reviewed again until the year 2009, unless you amend or revise your mining and reclamation plan.

Ronald Bosshardt  
Page 2 of 2  
M/039/002  
November 3, 2004

Thank you for keeping the reclamation surety current. If you have any questions concerning this letter, please contact me at (801) 538-5325 or Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in black ink, reading "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" being more prominent than the last name "Haddock".

Daron R. Haddock  
Permit Supervisor  
Minerals Regulatory Program

DRH:dj:jb  
Attachment: Copy of amended LOC  
cc: Doug Jensen, DOGM  
O:\M039-Sanpete\m0390002-southrcs-salt\final\apvl-bond-escal-11032004.doc

m/039/002

**ZIONS BANK**

International Operations  
550 South Hope Street, 3rd Floor  
Los Angeles, California 90071  
S.W.I.F.T: ZFNBUS55

Amendment of  
Standby Letter of Credit

L/C No

November 1, 2004

**IRREVOCABLE STANDBY LETTER OF CREDIT NO. 8957**  
**AMENDMENT**

BENEFICIARY:  
UTAH DIVISION OF OIL, GAS AND  
MINING  
("DIVISION")  
1594 WEST NORTH TEMPLE  
SUITE 1210, PO BOX 145801  
SALT LAKE CITY, UTAH 84114-5801

LETTER OF CREDIT DATE:  
March 3, 1999

CURRENT AMOUNT: USD258,100.00

Dear Sir/Madam:

We have been requested by REDMOND MINERALS, INC., ("OPERATOR") P.O. BOX 249  
REDMOND, UTAH 84652 to amend the above referenced IRREVOCABLE LETTER OF CREDIT issued in your  
favor, as follows:

This letter of credit is increased by: USD 23,000.00  
The new amount of this letter of credit is: USD 258,100.00

All other terms and conditions remain the same.

This amendment is an integral part of the captioned letter of credit and must be attached to the said letter in your  
possession.

If you have any questions concerning this transaction, please call us at (213) 593-2131, (213) 593-2130 or (213) 593-2123.

Sincerely,

  
Authorized Signature

RECEIVED

NOV 02 2004

DIV. OF OIL, GAS & MINING